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FISCAL IMPACT STATEMENT

LS 6763

BILL NUMBER: SB 269

NOTE PREPARED: Feb 21, 2006

BILL AMENDED: Feb 16, 2006

SUBJECT: Personalized License Plates.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. Duncan

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

Personalized License Plate (PLP) - The bill requires the Bureau of Motor Vehicles (BMV) to issue personalized license plates annually.

Reservation of PLP - This bill provides that the reservation of a PLP must be completed before October 31 of the year before the PLP is issued.

Contact of PLP Holder - The bill requires the BMV, before October 1 of each year, to contact the holders of PLPs and remind them of the necessity of reserving a PLP before October 31 in order to be issued the same PLP for the subsequent year.

Indiana Arts Commission Trust Fund - The bill provides that when the money in the Indiana Arts Commission Trust Fund reaches \$1,000,000, the interest and dividend earnings of the fund are appropriated annually to the Indiana Arts Commission. (Current law provides that the money in the Fund must reach \$50,000,000 before the interest and dividend earnings may be appropriated.)

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Personalized License Plates* - According to the BMV, this proposal is a follow-up to P.L. 233-2005, which attempted to correct a problem concerning the issuance of PLPs and to ensure that those who desired a PLP were able to secure the PLP of their choice. In addition, the annual issuance of the PLP will force those who have a PLP to secure the same plate, or chance losing the particular

PLP for one year. For the BMV, this proposal likely will make issuance of the PLP easier since this would eliminate the notification and survey issues which were required by P.L.233-2005 (see *Background Information*, below).

Expenditures associated with annual issuance of a plate will consist of the additional production cost of the plates after the initial year. Currently, with a five-year cycle, the PLP applicant is issued a sticker after the initial year. The additional expenditures for the plates are estimated to range between \$171,000 and \$190,000 in years two, three four, and five of a five-year cycle, based on the annual production of 45,000 to 50,000 PLPs.

Prison Enterprise Network (PEN Products), the manufacturing and sales arm of prison-made products charges the BMV \$3.80 per plate for one-color plates. The BMV reports that PLPs are one color. The sales of PLPs over the last five years has averaged 45,917 per year.

The bill can be implemented within the existing level of resources available to the BMV. The funds affected are the Motor Vehicle Highway Account (MVHA), which supports the BMV, and the PEN Products Revolving Fund. Currently, PLPs are valid for five years as part of the prescribed cycle for issuance and replacement of license plates.

Background Information: P.L. 233-2005 required the BMV to determine who were issued a PLP in 2003, but were not issued the same plate for 2004 or 2005. In addition, the BMV will be required to contact PLP holders to inquire if they desire the same PLP for CY 2006 that was not issued in CY 2004 or CY 2005. This will require time on the part of BMV personnel to determine these individuals. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

(Revised) *Indiana Arts Commission Trust Fund* The Indiana Arts Commission reports that the balance in the Arts Trust Fund as of February 16, 2006, amounted to \$828,877.38. The fee for the Arts Trust License Plate is \$40, with \$15 going to the Bureau of Motor Vehicles and \$25 directed to the Arts Trust Fund.

Over the last three calendar years, revenue from the sale of the Arts Trust license plate has averaged approximately \$199,000 per year. If plate sales approach this average in CY 2006, the Indiana Arts Commission Trust Fund would be in a position to begin to have the interest and dividends appropriated to the Indiana Arts Commission.

Explanation of State Revenues: *Personalized License Plates* - It is unclear what impact the annual issuance of PLPs will have on sales. However, if the purchase and retention of PLPs is made easier with this proposal, then sales could increase.

The fee for a PLP is \$48. Of the \$48, \$37 is deposited into the State License Branch Fund (which supports the operation of the license branches throughout the state), \$7 is deposited into the MVHA, and \$4 is deposited into the Crossroads 2000 Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; State License Branches; Indiana Arts Commission.

Local Agencies Affected:

Information Sources: *Cash Audit Report* for CY 2000 through CY 2004; Mike Barnhart, Legislative Liaison for the Bureau of Motor Vehicles; 317-233-1218; Dorothy Ilgen, Executive Director of the Indiana Arts Commission, 317-232-1288.

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